

PUBLIC SERVICE COMMISSION OF WISCONSIN

Memorandum

TO: Chairperson Burnie Bridge
Commissioner Ave M. Bie
Commissioner Robert M. Garvin
Dan Ebert, Executive Assistant
David Gilles, Chief Counsel
Division Administrators

FROM: Jeffrey L. Butson, Consumer Affairs Program Manager
Division of Water, Compliance, and Consumer Affairs

RE: 1. 2002 Annual Consumer Contact Report
2. 2002 Second Half Consumer Contact Report
3. 2002 Annual Report on Contacts Regarding Major Utilities

Introduction

This report has three sections – annual and second half consumer contact statistics and analysis and contact information for major individual utilities.

We have completed the fifth year of using the new Consumer Contact Reporting System. Therefore, we can now compare statistics to the previous years and do meaningful trend analysis.

During the 2002 calendar year, the Public Service Commission (Commission) recovered \$1,171,382.19 for Wisconsin consumers through the complaint mediation process.

Please let me know if you have any questions, suggestions for improving the report or additional information you would like to see included.

Definitions

The following definitions will assist readers in interpreting the statistics in this report.

Consumer contacts are recorded as complaints, inquiries or opinions. The definitions of the contact types are:

- **Complaint:** A contact from a consumer expressing dissatisfaction with an action, practice or conduct of a utility and/or its employees. Also includes contacts expressing dissatisfaction with an action, practice or conduct of the Public Service Commission or entities which the public considers to be similar to regulated utilities, such as cable television, sewer, electric co-ops, cellular phones and Internet service providers. Complaints may or may not conclude with a determination of error or administrative rule/statute violation on the part of the company.
- **Inquiry:** A contact from a consumer or utility to solicit or verify information regarding utility or PSC service, practices, rules, administrative rules, statutes, etc. If, after being

given the information, a consumer expresses disagreement or dissatisfaction, the contact should be coded as a complaint.

- **Opinion:** A consumer contact with the PSC to voice views on a particular pending issue or condition, such as a pending rate case, proposed rules, a proposed service offering, proposed mergers, etc. If after the Commission, or another body, has made a decision on an issue, we get contacts expressing dissatisfaction with the decision, the contact is recorded as a complaint.

The consumer contact reporting system requires staff, for each informal complaint closed, to make a determination as to whether or not the substance of the complaint was justified. Realizing that this may often be a subjective decision, staff use the following definitions when making their determinations:

- **Complaint was justified:** This code is used if the substance of the complaint is found to be generally valid. This will always be the case if it is determined that a law or PSC Administrative Rule was violated. A complaint can be valid even if there is not a violation of a rule or statute. For example, the utility may have made an error in posting a bill payment, or a utility employee may be found to have been unreasonably rude in dealing with a customer.
- **Complaint was not justified:** This code is used if the substance of the complaint is not found to be valid, i.e. the utility was not at fault and met PSC expectations in working with the customer.
- **Complaint was partially justified:** This code is used if it cannot be determined that the complaint was completely valid or justified, but that the utility could have taken actions to avoid the complaint. For example, no rule or statute was violated but better customer education or a better explanation to the customer was warranted.
- **Undecided – not enough information:** This code is used if there is not enough information to make a reasonable determination as to the validity of the complaint. Staff are encouraged to make a determination whenever possible – use of the code should be minimal.
- **Not applicable:** This code is used whenever recording an initial staff determination regarding the contact is not applicable, for example, when the consumer contact is recorded as an inquiry or opinion – not a complaint.

2002 Year End Report/Analysis

Consumer Contacts Decrease

The number of consumer contacts to the Commission in 2002 decreased by 2,447 from 2000. There were 9,526 contacts.

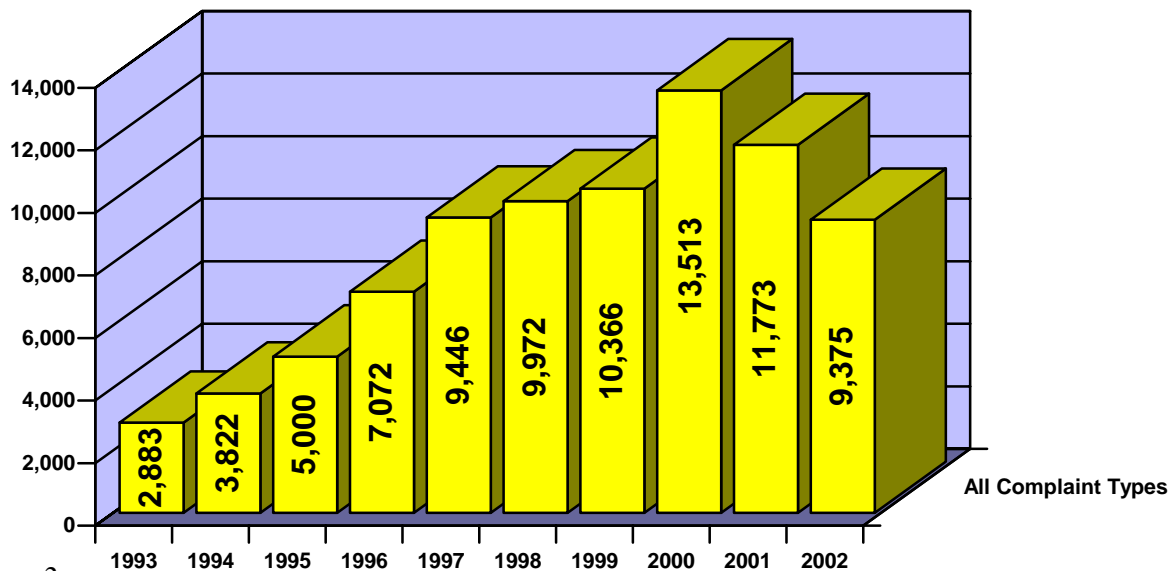
Contacts:	1 st Half	2 nd Half	2002 Total	Change From Last Year
Complaints	4,827	4,548	9,375	-2,398
Inquiries	27	41	68	-25
Opinions	38	45	83	-24
Total	4,892	4,634	9,526	-2,447

- Note: Statistics may be different from past reports because records are corrected when recording errors are discovered after a prior report date.

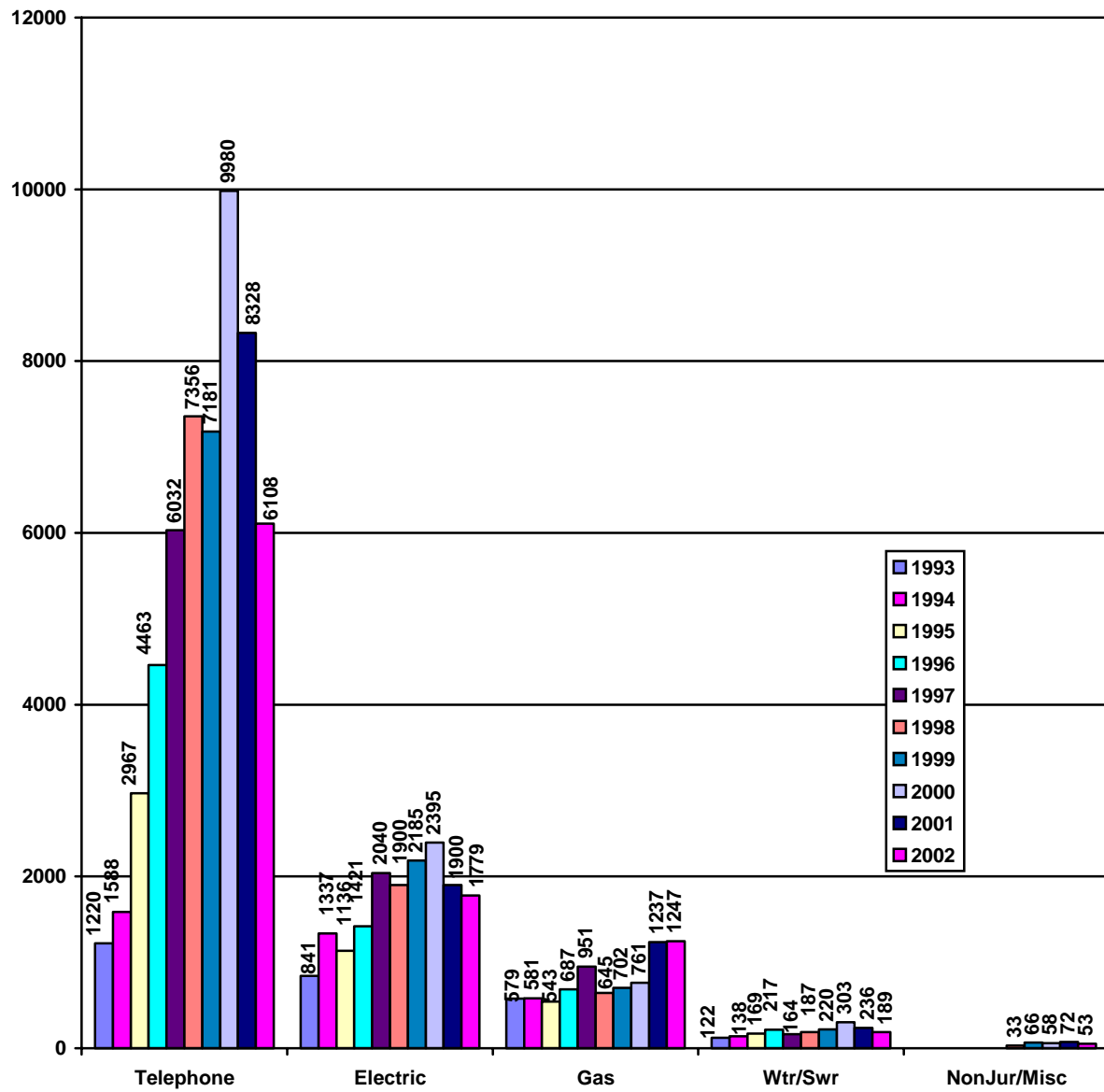
Complaints Decrease

The total complaints received by the PSC from consumers in 2002 was 9,375. This is a decrease of nearly 20.4 percent from the 11,773 complaints received in 2001. Approximately 32.4 percent of all complaints closed were found by the PSC staff to have some validity. The Consumer Affairs Unit handled 97.3 percent of the total complaints received in 2002. This is up slightly from the 97 percent handled by the unit in 2001. In 2002, approximately 86 percent of the complaints were received by phone. Approximately 5.4 percent of the complaints were received by mail, and an additional 8.4 percent were received by e-mail or through the agency's website.

Annual Totals



Total Annual Complaints By Utility Type



Complaint Validity

Readers should note that following Commission staff investigation of complaints, utilities were found to be meeting Commission expectations in 63.6 percent of the cases.

The statistics for 2002 were:

Informal Staff Determination	#	%
Justified	2,217	24.5
Partially Justified	714	7.9
Not Justified	4,948	54.8
Undecided-Not Enough Information	792	8.8
Not Applicable	364	4.0
Total Closed	9,035	

Note: This data is for year 2002 complaints closed as of December 21, 2002.

Combining the totals for justified and partially justified complaints indicates that utilities were not meeting PSC expectations for working with customers in 32.4 percent of the complaints closed in 2002. This is an improvement of 3.1 percentage points from last year. In 2001, 35.5 percent were determined by staff to be at least partly justified.

Change by Industry

The number of complaints decreased from 2001 for the telecommunications, electric, and water utility industries, but increased slightly (+12) for the natural gas industry. As a percentage of all complaints received, telephone complaints decreased from 70.8 percent to 65.15 percent. The record high was 74 percent in 2000. The percentage of total complaints for electric utilities decreased slightly (-6.3 percent), while the number of complaints for natural gas utilities increased very slightly from 2001 (+12).

Telecommunications

The 6,108 telephone complaints last year are a 26.7 percent decrease from the 8,328 received in 2001. The number of complaints in 1999 and 2000 totaled 7,181 and 9,980 respectively. Telephone complaints represented 65.15 percent of the total complaints taken during 2002.

There were 2,900 Ameritech complaints, 47.5 percent of the total telephone complaints. This is a 32.6 percent decrease from the 4,300 complaints received in 2001.

There were 2,220 fewer telephone complaints than the previous year. The decrease was largely driven by the decrease from Ameritech (-1,400). Verizon also had fewer complaints than the year before (-61), and TDS Metrocom complaints decreased by 150. During the same time period, McLeod USA complaints increased by 290. MCI had a total increase of 142 complaints last year (this figure includes both long distance and local complaints).

Ameritech's complaints related to "quality of service" fell from 637 in 2001 to 269 in 2002. Ameritech also experienced decreases in a variety of areas, including disputed amount of use (-74), other billing errors (-69), deferred payment agreements (-67), disconnection threat (-263), disconnection for nonpayment (-84), initial service (-217), and additional or changed service (-62).

The MCI increases stem from the fact that the company began marketing local service within the Ameritech service territory during the first quarter of 2002. MCI's current financial situation may also be a contributing factor, since staffing level issues have impacted MCI's ability to respond to Commission complaints. The increase in McLeod complaints can also be largely attributed to staffing issues brought about by the current financial status of the company.

Verizon complaints decreased from 243 in 2001 to 183 in 2002, a decrease of 24.7 percent. The decrease can be traced to fewer complaints within the billing and credit area, where the company had 31 fewer complaints in 2002 than in 2001. Service related complaints decreased from 99 in 2001 to 72 in 2002. The utility also relinquished much of its service territory throughout Wisconsin during 2001.

Telephone complaints regarding billing procedures decreased by 215 complaints, while disconnection of service complaints decreased from 1,739 to 1,441 (-298). Complaints related to rate and tariff issues, including high rate and minimum billing complaints, decreased by 307. For example, customer complaints regarding minimum monthly bills and customer charges fell from 74 in 2001 to 14 in 2002. In addition, complaints related to high rates decreased from 273 in 2001 to 127 in 2002 (-146). Outage/loss of service complaints decreased from 392 in 2001 to 231 in 2002. This represents a 41 percent decrease in this area from 2001 to 2002.

Slamming complaints decreased by 23 last year, continuing a trend of the past three years. Federal Communications Commission (FCC) rules concerning slamming (which took effect in July 2000) and increased enforcement actions at the state and federal level are continuing to have an effect.

Electric

The second largest percentage of complaints received is from electric companies (19 percent). The 1,779 electric complaints last year reflects a 6.4 percent decrease (-121) from the 1,900 received in 2001.

Although the electric sector experienced a 6.4 percent overall decrease, complaints regarding disconnection of service rose from 581 in 2001 to 995 in 2002, a 71.3 percent increase. This can be attributed to increased collection activity. The largest complaint types for electric utilities continue to be related to disconnection for nonpayment, deferred payment arrangements, disputes regarding the responsible party for billing, refusal of service, and disputed amount of electricity usage.

Natural Gas

Natural gas related complaints increased slightly last year (+12). Gas complaints were 13.3 percent of the total complaints received in 2002 compared to 2001, when natural gas complaints accounted for 10.5 percent of the total.

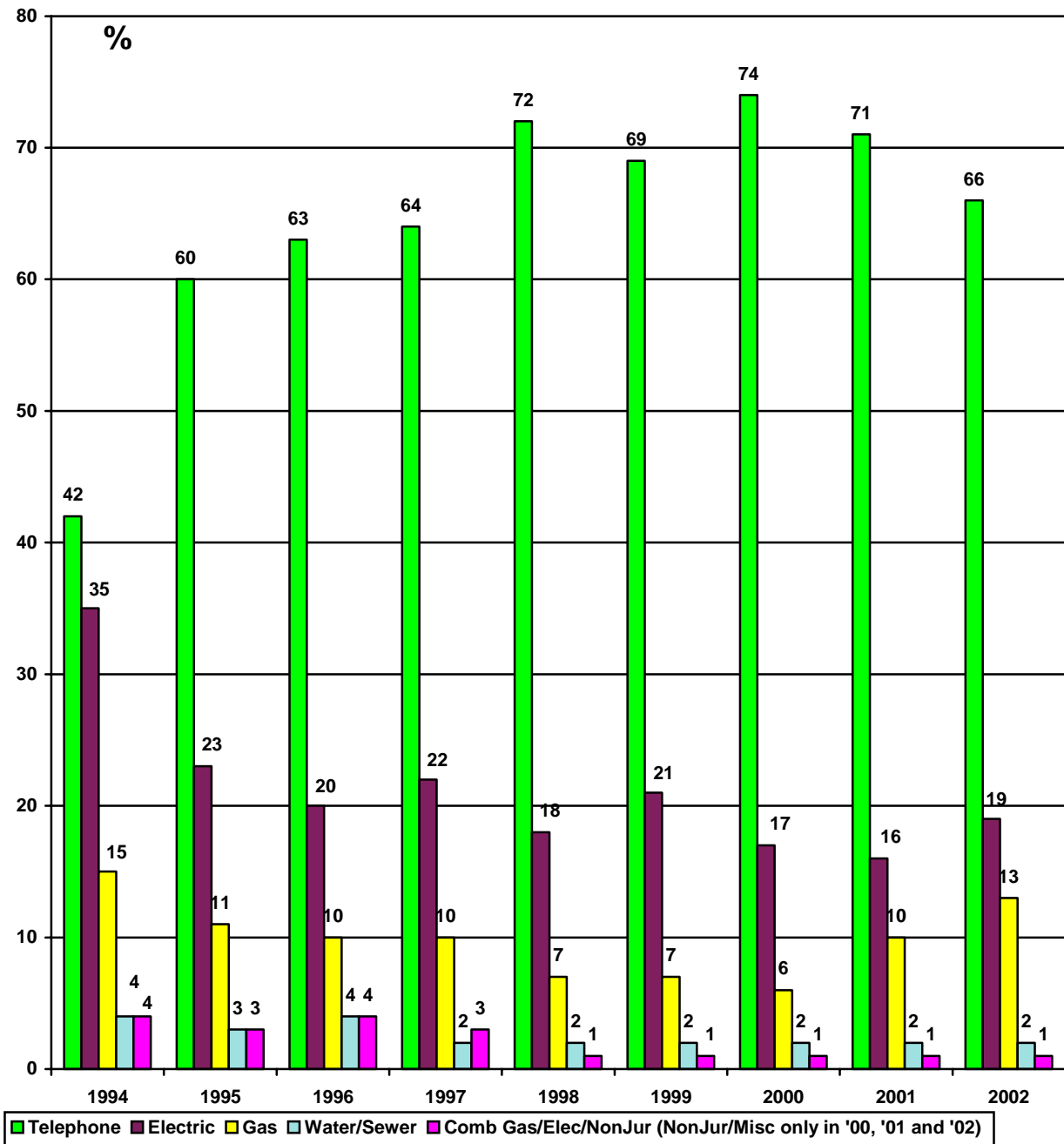
An emerging issue toward the end of 2002, as in late 2001, was the huge increase that customers were seeing in their gas bills due to the increased cost of natural gas at the wellhead. This phenomenon continues to impact natural gas complaint trends in 2003. Although wellhead prices are not regulated at the state or federal level, and utilities do not earn a profit on the high prices, this is not understood by customers and they contacted the Commission to express their anger and frustration.

The largest numbers of complaints were related to the threat of disconnection or actual disconnection of service for nonpayment (+249).

Water and Sewer

Water complaints are only 1.8 percent of the total. The 167 complaints received last year were a 29.2 percent (-69) decrease from 2001. The largest complaint type for water utilities was disputed amount of water use.

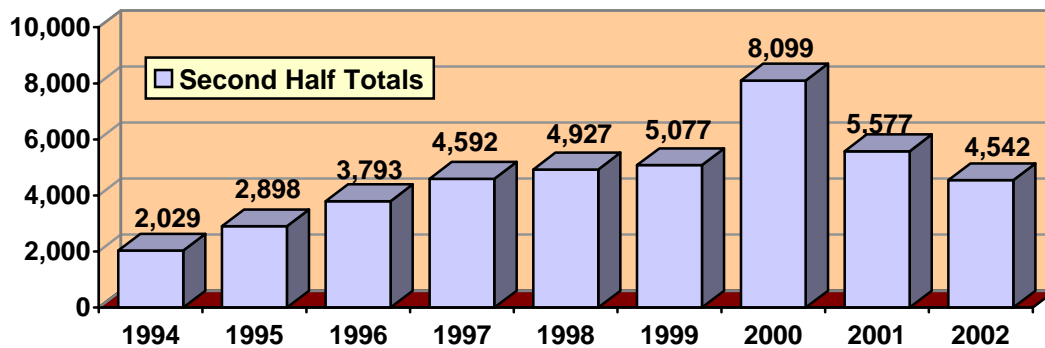
Percentage of Total Annual Complaints By Utility Type



2002 Second Half Report

The PSC received 4,542 consumer complaints during the second half of 2002. Thirty-one percent of the complaints closed during the period were found to be either “justified” or “partially justified” by PSC staff. The second half complaints were a 6 percent decrease from the first half of 2002 and a 19 percent decrease from the 5,577 received in the second half of 2001.

Second Half Total Complaints



Change by Industry

Compared to the second half of 2001, the number of complaints received decreased in the water and telecommunications utility categories. The number of complaints received increased in the electric and natural gas utility categories.

Electric complaints increased by 73 (8.7 percent).

Water complaints went from 115 in 2001 to 90 in 2002, an approximately 22 percent decrease. Many water complaints involve usage disputes or billing issues.

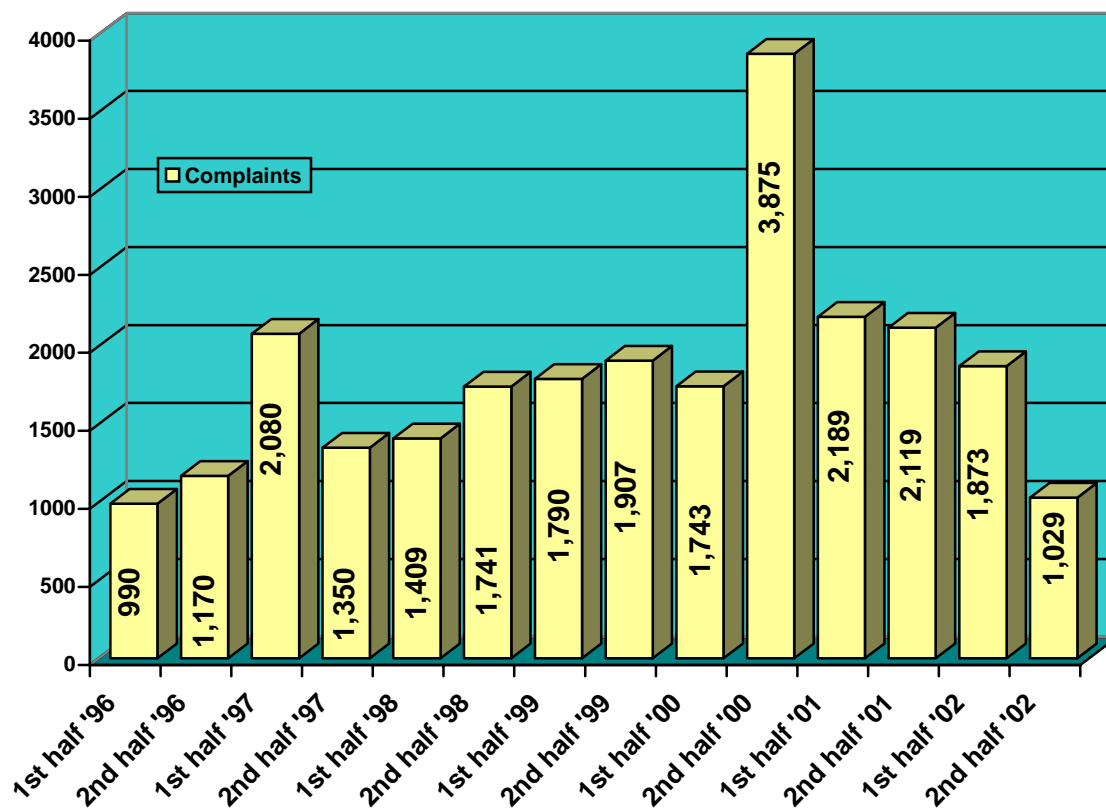
Telecommunications

We received 2,813 telecommunications complaints this half, which is 61.9 percent of the total complaints taken. In the second half of 2001, there were 4,111 complaints, which was 73.7 percent of the total complaints. Telecommunications complaints decreased by 474 (14.4 percent) from the first half of 2002 and decreased by 1,302 (31.6 percent) from the second half of 2001.

The significant decrease in telecommunications complaints in this half from the complaint levels in the second half of 2001 is largely explained by a decrease of 1,086 for Ameritech during that time. There were 1,029 Ameritech complaints this half, 36.6 percent of the total telephone complaints. This is a 45 percent decrease from the previous half and a 51.4 percent decrease

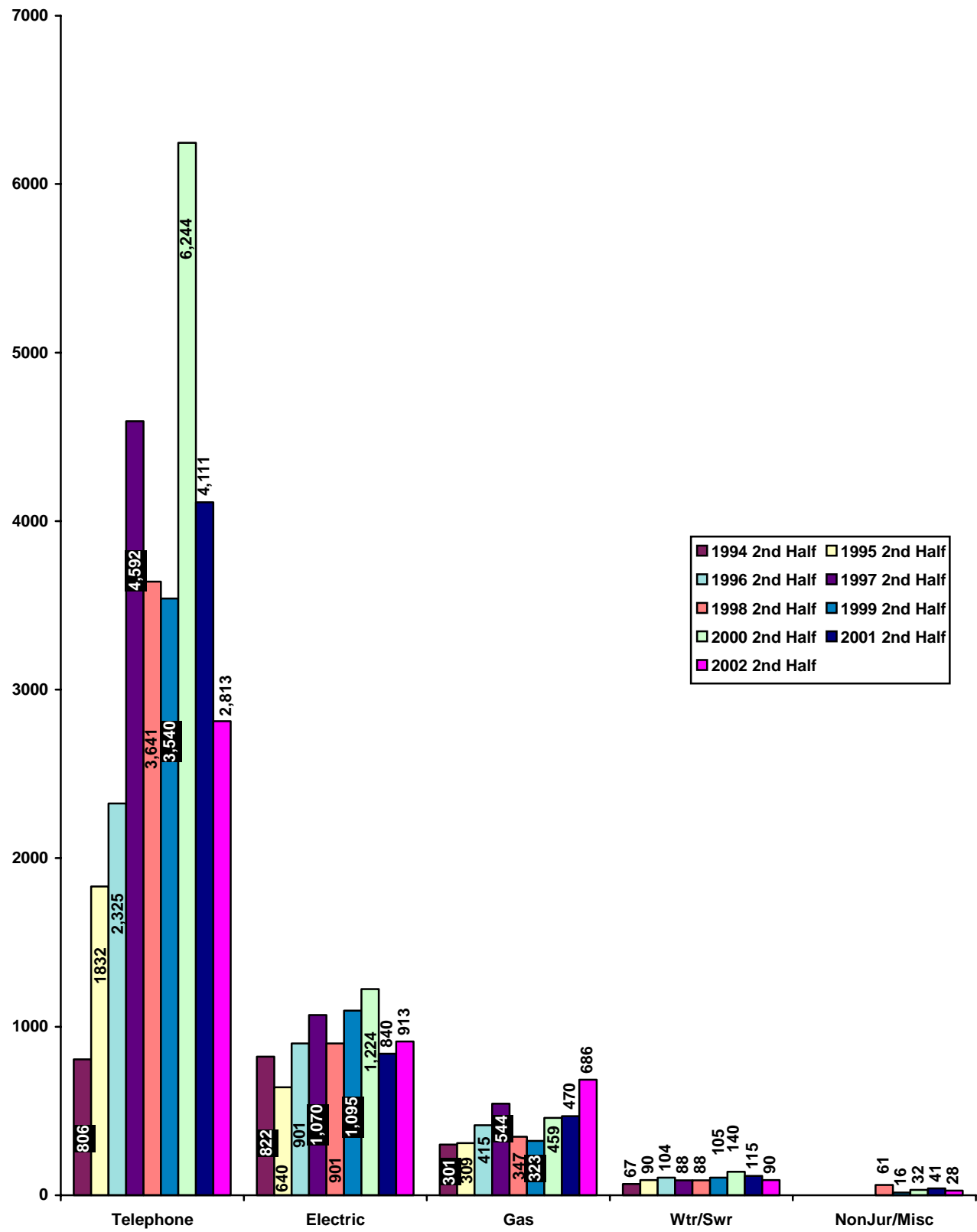
from the second half of 2001. Ameritech's complaint levels have continued to decrease each half since the record levels experienced by the company during the second half of 2000.

The following graph shows the trend for Ameritech:



CenturyTel complaints increased by 35 (+15.2 percent) from the second half of 2001. The increase can be attributed largely to an increase in complaints related to billing procedures (+6), other utility service-related issues (+12), and quality of service (+13). Consumer Affairs has been and continues to monitor CenturyTel to ensure that the utility's customers have adequate and timely access to the utility when they have concerns. CenturyTel and Consumer Affairs staff are also working to isolate problems within CenturyTel that have led to many complaints not reaching the utility when sent by Commission staff. This problem has contributed to delayed responses to the Commission's consumer complaints.

This graph shows second half trends by industry:



Complaints by Category

The following table shows complaints by the broad areas of billing and credit, service, provider to provider issues and other. There are also subcategories of billing and credit and service. A table attached to the report shows semi-annual and year-end totals for the complaint categories by utility type.

Billing and Credit	2002 2nd Half	2001 2nd Half	% Change
Accuracy of Bills	911	1,187	-23.3
Billing Procedures	503	674	-25.4
Disconnection and Other Terminations	1,538	1,489	+3.3
Rates and Tariffs	162	289	-43.9
Other Billing and Credit	105	185	-43.2
Total Billing and Credit	3,219	3,824	-15.8
Service			
Obtaining Service	516	653	-21.0
Quality of Service	359	527	-31.9
Technical/Equipment Related Service Issues	6	18	-66.7
Customer Assistance/Pilot Programs	56	42	+33.3
Damage/Safety/Facility Location	40	56	-28.6
Other Utility Service Related Issues	158	196	-19.4
Total Service	1,135	1,492	-23.9
Provider to Provider Issues	6	30	-80.0
Other	182	231	-21.2
Grand Totals	4,542	5,577	-18.6

Definitions of the complaint categories are available upon request.

Billing and credit complaints decreased by 605 from the second half last year, a decrease of 15.8 percent. Billing complaints were 70.9 percent of the total complaints taken for the period. The largest decreases were in the categories of accuracy of bills, billing procedures, rates and tariffs, and other billing and credit. SBC Ameritech complaints regarding accuracy of bills decreased from 293 to 163 (-44.4 percent) and billing procedures decreased from 251 to 131 (-47.8 percent). The company's overall total for billing and credit decreased from 1388 during the second half of 2001 to 673 (-51.5 percent).

Service related complaints decreased by 357 (-23.9 percent) from the second half of 2001. Service complaints were 25 percent of the total. Last year they were 26.7 percent of the total. The decreases in this area are a reflection of the improvement in Ameritech's quality of service from the second half of 2001 to the second half of 2002. The Ameritech decrease (-352) was 98.6 percent of the decrease in the total service category.

The most prevalent types of complaints for the second half in each category are:

Billing and Credit

- Accuracy of Bills - Disputed amount of use (225), continued billing after cancellation (209), bill for service or feature not ordered (156), slamming (119), and charged incorrect rate (113).
- Billing Procedures - Responsible party for billing (148), deferred payment agreement (84), contract issues (82), payment posting issues (51), and backbilling (37).
- Disconnection and Other Terminations - Disconnection threat (907), and disconnected – nonpayment (519).
- Rates & Tariffs - High rate (73), and other – rates and tariffs (30).

Service

- Obtaining Service - Initial service (194), change to provider of choice (158), additional or changed service (71), customer toll and other phone service restrictions (37), and refused service (34).
- Quality of Service - Outage/loss of service (145), access to customer service (103) , and repair service (94).

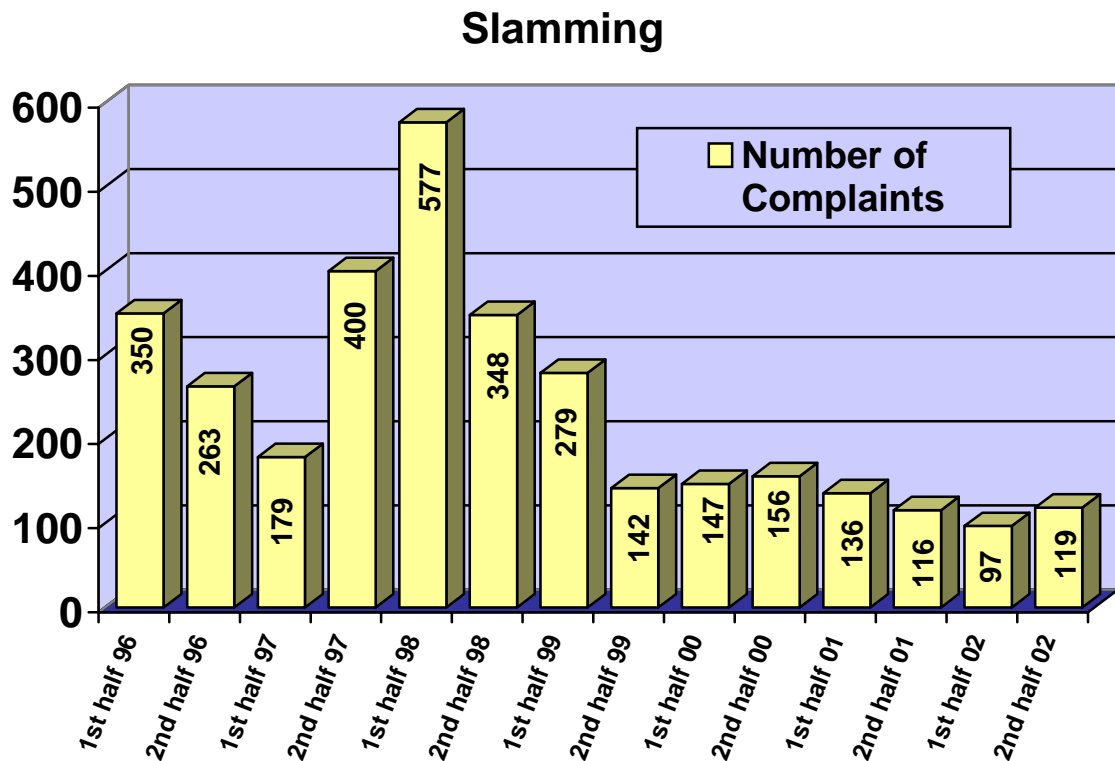
Some notable decreases and increases from the first half of 2001 were:

- Obtaining initial service (-133, 327 to 194)
- Responsible party for billing (-82, 230 to 148)
- Outage/loss of service (-81, 226 to 145)
- Repair service (-71, 165 to 94)
- Payment posting issues (-45, 96 to 51)
- Additional or changed service (-23, 94 to 71)
- Disconnected—nonpayment (-6, 525 to 519)

- Access to customer service (+14, 89 to 103)
- Bill for service or feature not ordered (+34, 122 to 156)
- Disconnection threat (+60, 847 to 907)

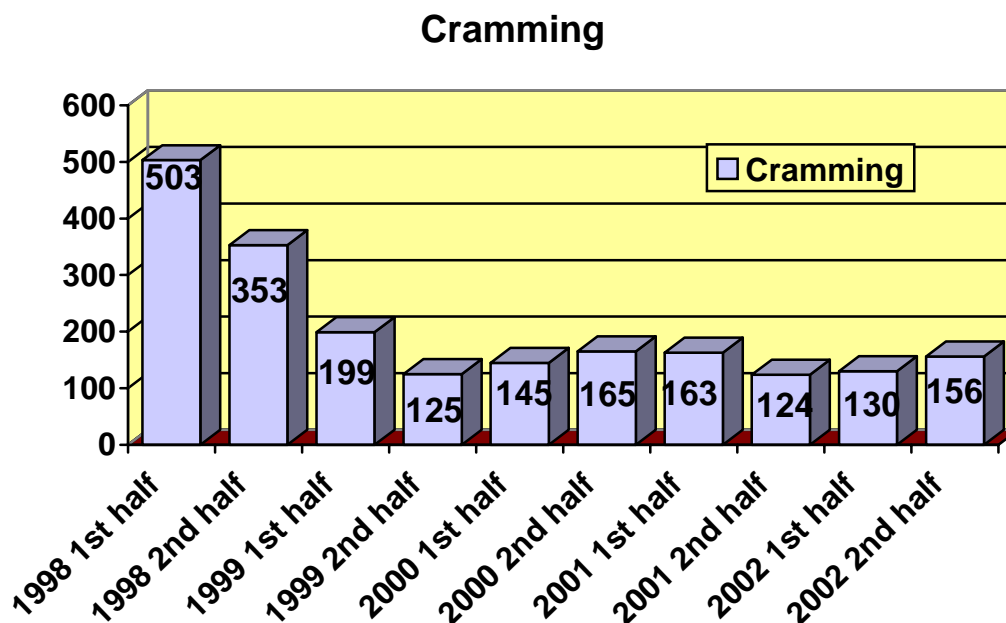
Slamming

Slamming complaints increased during the second half of 2002. There were 119 slamming complaints in the second half of 2002 as opposed to 97 such complaints in the first half. This is an increase of 22.7 percent from the first half, and a 2.6 percent increase from the 116 slamming complaints filed in the second half of 2001. Although there was an increase of 22 complaints in this category during the second half of 2002, slamming complaints have for the most part decreased steadily since the first half of 1998. New FCC Rules concerning slamming and stepped-up FCC enforcement actions seem to be having an effect. The new slamming rules took effect in April 2000.



Cramming

The number of complaints regarding unauthorized adding of charges to the phone bill – known as “cramming” – increased by approximately 20 percent (+26) from the first half of 2002. There were 156 complaints recorded in this category. Although the complaints in this category have increased slightly since the second half of 2001, the 156 complaints recorded are another indication that these complaints have tended to stabilize since record levels in 1998. A factor in the decrease may be increased efforts by local exchange companies to combat cramming. An example of these efforts is canceling billing agreements with third party service providers which have large numbers of complaints. In addition, many local exchange companies now use a revised billing format which allows customers to more easily spot unauthorized charges. The Commission has also expended a great deal of resources toward educating telecommunications customers about issues such as cramming and slamming.



Complaints for Major Utilities

This section includes two tables. The first table provides information on the number of complaints received for each half and the 2002 total for each of the major utilities in each industry. The second table gives information for the year on the number of complaints per thousand customers (or access lines for telecommunication local exchange carriers). Customer/access line information is not available for the interexchange carriers. The information on customers/access lines comes from the annual reports which utilities file with the PSC. For comparison purposes, totals for 2001 are also included.

Some observations from the total complaints table:

- Ameritech complaints decreased by 1,398 (-51.8 percent) from last year. Ameritech had 2,902 complaints in 2002. In 2001, the utility had 4,300 complaints.
- CenturyTel, Wisconsin's second largest telecommunications utility, experienced a decrease of 20 complaints from 2001 levels. This is a 4 percent decrease from 2001, and the first decrease in CenturyTel complaints since 2000. CenturyTel complaints began to escalate during the fourth quarter of 2000 after CenturyTel purchased several exchanges from Verizon. Although CenturyTel complaints were down last year, staff has raised concerns regarding customer access to the company. An information technology system error has also occurred at CenturyTel's end, which has made it difficult for staff to send complaints electronically to the company. Staff continues to monitor these two areas.
- AT&T complaints decreased by 662 (-65.4 percent) from 2001. The decrease can be traced to the fact that since the Commission has no authority over separately billed interexchange companies, Consumer Affairs no longer handles these types of complaints. However, Consumer Affairs still addresses long distance issues when the local exchange company acts as a billing agent for interexchange companies and local service might be affected.
- MCI Worldcom¹ (MCI) complaints increased by 142 (+32.7 percent), reversing a two-year downward trend. This can be attributed to MCI's entry into the local market within the Ameritech service territory during the first quarter of 2002. In addition, the utility's financial standing has created staffing problems for the company, and response to Commission complaints became an issue of concern during the second half of 2002. MCI also continues to experience problems in the area of "continued billing after cancellation."
- We Energies² (formerly Wisconsin Electric Power Company) complaints increased from 1,635 in 2001 to 2,125 in 2002 (+30 percent). This increase is largely the result of the utility's acquisition of the Wisconsin Gas Company and increased collection activities.
- Wisconsin Public Service Corporation complaints decreased by 13 (-6 percent) from 2001 to 2002.
- Complaints for Milwaukee Water increased by 2 from 2001 to 2002.

¹ MCI's complaint totals include both long distance and local calls.

² Wisconsin Gas complaints are now accounted for under We Energies.

Some observations from the “complaints per thousand customers” table:

- Complaint rates for Ameritech, Verizon, and CenturyTel all decreased. Ameritech’s complaint rate fell from 1.99 per thousand customers in 2001, to 1.45 per thousand customers in 2002. Verizon’s rate fell from 0.60 in 2001 to 0.44 in 2002.
- The natural gas related complaint rate increased for We Energies and MG&E slightly, but decreased for Wisconsin Public Service Corporation, Alliant Energy (formerly Wisconsin Power & Light), and Xcel Energy (formerly Northern States Power).
- The electric complaint rate decreased for all companies except MG&E, which remained the same as in 2001.
- Wisconsin Public Service Corporation had the lowest complaint rate among all the larger utilities for 2002, as it also had done in 2001.
- In 2002 there were no Wisconsin utilities with complaint rates exceeding two complaints per thousand customers. This continues a trend that began in 2001.

Complaints by Major Utilities – 2002

	<u>1st Half</u>	<u>2nd Half</u>	<u>'02 Total</u>	<u>'01 Total</u>	<u>'00 Total</u>
Telecommunications					
<u>Local Exchange Carriers</u>					
SBC Ameritech	1,873	1,029	2,902	4,300	5,630
Verizon	99	83	182	243	458
CenturyTel	210	265	475	495	393
<u>Interexchange Carriers</u>					
AT&T	218	130	348	1,013	1,378
MCI	143	432	575	431	574
Sprint	38	2	40	91	101
Energy Utilities					
<u>Gas and Electric</u>					
We Energies	974	1,151	2,125	1,635	1,775
Wisconsin Public Service Corporation	93	117	207	220	244
Xcel	61	56	117	134	123
Madison Gas & Electric	58	63	121	116	133
<u>Gas, Electric & Water</u>					
Alliant	182	128	310	504	290
Superior Water, Light & Power	14	8	22	36	23
Water Utilities					
Milwaukee Water	29	28	57	55	87

Complaints Per 1,000 Customers/Access Lines 2002

	<u>Access Lines³</u>	<u>Total Complaints</u>	<u>Per 1,000</u>	
			<u>2002</u>	<u>2001</u>
Telephone				
SBC Ameritech	2,004,374	2,902	1.45	1.99
GTE	409,880	182	0.44	0.60
CenturyTel	430,280	475	0.97	0.99
Natural Gas				
	<u>Customers⁴</u>	<u>Total Complaints</u>	<u>Per 1,000</u>	
We Energies ⁵	966,817	961	0.99	0.87
WPSC	289,777	87	0.30	0.38
Alliant	161,581	101	0.62	1.18
MG&E	122,746	51	0.41	0.40
Xcel	83,919	27	0.32	0.42
Electric				
We Energies	1,044,129	1,161	1.11	1.17
Alliant	413,827	208	0.50	0.76
WPSC	400,927	121	0.30	0.35
Xcel	219,447	91	0.42	0.44
MG&E	128,297	71	0.55	0.55
Water				
Milwaukee Water	156,967	57	0.36	0.34

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cc: Linda Barth
Annemarie Newman

3 Most recent data is from 2001 annual reports. Data on number of customers not available.

4 Customer data is from 2001 annual reports.

5 Wisconsin Gas complaints have been recorded under We Energies (formerly WEPCO) since the second half of 2001, due to the merger of the two companies' operations during that time period.

ATTACHMENT

2002 QUARTERLY COMPLAINT COUNT BY UTILITY TYPE

	TELE	ELEC	GAS	WATER/SEWER	NON-JUR/MISC
Billing and Credit	1,238	176	107	36	3
Service	474	23	9	3	1
Provider to Provider	8	0	0	0	0
Other	94	4	2	0	9
1st Quarter Total	1,814	203	118	39	13
Billing and Credit	969	597	413	45	4
Service	437	60	29	3	0
Provider to Provider	7	0	0	0	1
Other	60	6	1	0	8
2nd Quarter Total	1,473	663	443	48	13
Billing and Credit	962	416	378	45	7
Service	468	67	48	3	4
Provider to Provider	2	0	0	0	0
Other	65	5	5	3	3
3rd Quarter Total	1,497	488	431	51	14
Billing and Credit	786	263	210	44	5
Service	430	27	34	3	2
Provider to Provider	4	0	0	0	0
Other	73	12	6	2	7
4th Quarter Total	1,293	302	250	49	14
Annual Total	7,891	1,656	1,242	187	54

Note: Totals from the first two quarters may differ slightly from the previous reports, because some corrections have been made to previous recording errors.